

To the Members of the California State Assembly:

I am returning Assembly Bill 1698 without my signature.

AB 1698 would require health care service plans to continue coverage of dependent children until the dependent's 26th birthday. The bill also provides that employers covered through the Public Employees Retirement System (PERS) and the University of California (UC) are not required to pay the cost of dependent coverage for dependents between the ages of 22 and 26.

I believe in providing access to affordable health insurance, however, mandating employers such as school districts and small businesses to include coverage for dependents up to the age of 26, when current dependent coverage is typically to age 19 or 24 if the dependent is in college, will impose additional costs on employers at a time when many are struggling to afford the rising costs of health care. Moreover, health insurance premiums overall may rise as the individuals most likely to elect to continue dependent coverage will be those individuals with preexisting conditions.

While I appreciate the desire of the author to make available dependent health care coverage for young adults under 26, I am concerned that this bill would have the unintended consequence of actually reducing the number of employers taking advantage of dependent health care coverage. As a result, there may be fewer persons with health insurance - not more, as contemplated by this bill.

For these reasons, I am unable to sign this measure.

Sincerely,

Arnold Schwarzenegger